

**Department of Housing and Community Development
Supportive Housing for Vulnerable Populations
Notice of Funding Availability**

**Housing Preservation and Stabilization Trust Fund/
Massachusetts Rental Voucher Program**

November 2015

The Baker Polito Administration is committed to increasing the supply of housing throughout the Commonwealth for individuals and families with various income levels and various needs. One of the Administration's priority housing goals is the creation of more affordable rental units for vulnerable populations, who often need support services in order to access and maintain stable housing. To help achieve this goal, the Massachusetts Department of Housing and Community Development (DHCD) will make certain funds available through a competition to be held in December 2015. In particular, DHCD will make available Housing Preservation and Stabilization Trust Funds (HPSTF) and Massachusetts Rental Assistance Vouchers (MRVP) to help finance rental projects with support services. Working with the Community Economic Development Assistance Corporation (CEDAC), DHCD will make HPSTF and MRVP available to qualified and experienced non-profit sponsors whose projects are highly ready to proceed. Support service funds will be attached to the MRVP vouchers. The populations to be targeted for HPSTF/MRVP assistance include, but are not limited to, homeless families, homeless individuals (including veterans), unaccompanied homeless youth, frail seniors with service needs, and individuals in recovery from substance abuse. Projects intended to serve homeless families will have the highest priority during the December 2015 funding competition.

DHCD will make up to \$11.5 million in HPSTF capital funds available during the December 2015 competition. Approximately 125 MRVPs also will be available, with the potential of \$1,500 per unit per year in service funding attached to each MRVP. Some sponsors also may seek additional DHCD capital sources – primarily the Housing Innovations Fund (HIF) -- to complete their financing packages. Sponsors who intend to seek additional DHCD capital funds should contact Department staff before preparing a pre-application, since not all DHCD resources will be available during this competition. All sponsors should note that they may seek both HPSTF and MRVP or either source on its own.

Sponsors interested in participating in the December funding competition must submit a pre-application to the Department through the on-line Intelligrants system on or before November 13, 2015. Based on the information contained in the pre-application, DHCD will determine whether the sponsor has the demonstrated capacity to develop the housing and provide the necessary services and is in good standing with the Department. Sponsors who lack experience in supportive housing will not be eligible for the December funding competition. At the pre-application stage, DHCD also will determine whether the proposed project is highly ready to proceed. The Department will evaluate the status of necessary zoning and permitting approvals, the status of architectural documents, and the status of other funding commitments as part of its readiness determination. DHCD anticipates completing its review of pre-applications by November 30,

2015. Sponsors whose projects receive preliminary approval from DHCD during the pre-application process will be invited to submit full funding applications. Preliminary approval is not a commitment of funding. Full funding applications must be submitted through the on-line Intelligrants system, on or before December 21, 2015. No funding applications will be accepted after December 21, 2015.

Housing Preservation and Stabilization Trust Fund (HPSTF) -- Background:

HPSTF was created as a section within the FY14 Commonwealth of Massachusetts budget. The budget language established a "flexible method for funding affordable housing for low-income families and individuals in the Commonwealth, particularly those most at-risk of becoming homeless. HPSTF is administered by the Undersecretary of DHCD. The HPSTF trustee is the Community Economic Development Assistance Corporation (CEDAC).

The first \$7 million in HPSTF awards were made in January 2014. Through the 2014 supplemental budget, the Department received an additional \$6 million in HPSTF and awarded those funds in December 2014.

Based on years of experience, DHCD has determined that one of the best ways to prevent homelessness is through the creation of affordable rental housing with support services for low-income tenants. HPSTF units must be occupied by individuals or households who can benefit from the availability of support services and who earn less than 50% of area median income. HPSTF will support development costs; project sponsors will be responsible for identifying appropriate funding sources to cover the cost of support services for qualified tenants.

HPSTF -- General Criteria:

HPSTF projects must be structured as sound real estate investments as well as effective opportunities for low-income tenants who need support services. Sponsors who wish to seek DHCD capital resources other than HPSTF must contact the Department to determine which resources may be made available through this funding application process. HPSTF sponsors must ensure that their applications meet all existing requirements of any other DHCD resources to be sought. Sponsors also should note that HPSTF applications typically must meet DHCD's standard limits on development and operating costs per unit for supportive housing. (Current limits are reflected in the Department's 2015 Qualified Allocation Plan for the Low-Income Housing Tax Credit, as well as in documents related to other DHCD rental programs.)

To be eligible for the December 2015 HPSTF competition, sponsors must be non-profit entities that receive support service funds from federal sources, from private foundations or sources, from the Executive Office of Health and Human Services and its commissions, and/or from the Executive Office of Elder Affairs. Non-profit sponsors may choose to identify certain units within a larger project as supportive housing (SH) units eligible for funds under this NOFA.

HPSTF -- Eligible Tenant Populations:

Sponsors may seek HPSTF funds to serve many income-eligible constituencies, including but not limited to homeless families, seniors and other individuals, persons with disabilities, military veterans, homeless individuals, and persons with other special needs. The populations to be served must require support services in order to live successfully, and the source of service funding must be identified in the application to DHCD for SH funding. If a sponsor requests and receives state rental assistance for the project, the Department will make available up to \$1,500 per unit per year for support services. The sponsor must identify funding sources to cover any additional cost of services.

HPSTF -- Support Services:

Support services for individuals or families living in supportive housing units must be based on an individualized and detailed assessment of the individual or family's strengths and areas of needed support and improvement. In order for the assessments to be effective, the service provider must be experienced in outreach and engagement for the population to be served. As part of the application for SH funds under this NOFA, the sponsor is expected to describe the method to be used to prepare individual or family assessments.

Through this NOFA, DHCD will give preference to qualified applicants who intend to create SH units for individuals or families who face multiple barriers to securing and/or maintaining permanent housing. Barriers may include but not be limited to poor credit, prior evictions, poor rental history, multiple shelter placements.

Effective stabilization and case management should assist an individual or family in maintaining a successful tenancy and increasing self-sufficiency. After an initial assessment of each tenant household, the service provider will develop an individualized service plan with measurable goals and objectives. The service plan should address the following:

- maintaining a successful tenancy;
- securing quality childcare, education, healthcare and recreational activities for any children in the household,
- securing or improving adult education attainment and employment;
- improving and maintaining behavioral and physical health;
- improving financial and asset management skills; and
- improving community connections.

The entity providing stabilization services and case management must document the individual or family's initial assessment and work plan and also must track and document the individual or family's engagement and progress toward the goals and measures outlined in the work plan. The services to be provided as well as the reporting requirements are subject to further DHCD guidance.

If the service provider is a different entity from the owner of the property receiving HPSTF, the provider and the owner should have a successful record of previous collaboration and should provide DHCD with documentation (such as an MOU) of their previous work together.

No occupant of a HPSTF housing unit may be required to accept supportive services as a condition of his or her tenancy.

HPSTF -- Funding Limits:

In general, the amount of HPSTF/DHCD funding available per unit and per project will be limited as follows:

- No more than \$75,000 per HPSTF unit
- No more than \$150,000 per unit in total DHCD subsidy
- No more than \$1 million in total HPSTF subsidy per project

HPSTF will be made available as zero-interest soft loans originated by CEDAC, as the HPSTF trustee, and closed through the MassDocs process.

Availability of Other DHCD Resources:

Sponsors who are invited to submit One-Stop applications for HPSTF and/or MRVP during the December 2015 competition may be able to apply for certain other DHCD capital resources, but should contact Department staff before preparing a pre-application, since not all DHCD resources will be available in this competition.

December 2015 Competition -- Readiness Standards:

As indicated, the Department intends to make HPSTF and/or MRVP awards only to projects that are highly ready to proceed. At the time of full application, the project should have secured all necessary permits and public approvals, including zoning. The sponsor must have architectural design plans that are advanced to a degree acceptable to DHCD. The sponsor must have identified any environmental issues related to the project site and must have a plan to address any such issues. The sponsor is expected to have most or all funding commitments, other than DHCD's resources, in place. If relevant, the sponsor must have received Parts I and II historic approvals from the U.S. Department of the Interior. The sponsor must be able to represent to DHCD that there are no unusual circumstances that would delay a loan closing and 2016 construction start.

December 2015 Competition -- Application Process:

Sponsors who intend to seek HPSTF and/or MRVP and other DHCD subsidies during the December 2015 competition must follow a two-step process. The sponsor must:

- Prepare a pre-application for funds. All pre-applications must be submitted through DHCD's online Intelligrants system by November 13, 2015.
- If approved at pre-application, prepare a Mass One-Stop+ funding application for submission to DHCD no later than December 21, 2015. DHCD will provide sponsors who are invited to submit full applications with instructions on accessing DHCD's online system. All full applications must be submitted through the online system, and no applications will be accepted after the close of business on December 21, 2015.

The Department anticipates making funding recommendations on HPSTF applications in February 2016.

Sponsors should refer to DHCD's NOFA for its April 2015 rental funding round to determine the application fee for any sources other than HPSTF. The application fee for HPSTF will be \$1000.

For further information, please contact Catherine Racer, Alana Murphy, or Ayana Gonzalez in DHCD's Division of Housing Development.